

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01

INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15

ICA-11 OMB-01 TRSE-00 SSM-03 IO-13 SAA-01 EB-08

HA-05 /107 W

-----010328 140338Z /14

R 131158Z JUL 78

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 9368

INFO USINT BAGHDAD

AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 6697

EO 11652: GDS

TAGS: PGOV, PINT, IR

SUBJ: POLITICAL ACTIVITY: THIRD WING SPEAKS, LAWYERS ELECT

PROGRESSIVE LEADER, ELECTORAL LISTS BEING PREPARED, NEW

DEMONSTRATION LAW

REF: TEHRAN 6311

SUMMARY: RESURGENCE PARTY'S THIRD WING HAS CRITICIZED GOI ECONOMIC EFFORTS AND CALLED FOR NEW MEASURES WHICH HAVE DRAWN FIRE FROM FINANCE MINISTER YEGANEH. SUBSURFACE POLITICAL ACTIVITY CONTINUES AS PARLIAMENTARY MEMBERS QUIETLY MANEUVER TOWARD RASTIKHIZ WING AND OTHER ALLEGIANCES. BAR ASSOCIATION ELECTS HASSAN NAZIEH, PROGRESSIVE, AS NEW CHEIF. NEW JURISTS ASSOCIATION SAYS IT WILL BE CONSTITUTIONAL WATCHDOG. PRIME MINISTER SAYS GOVERNMENT WILL PRESENT NEW LAW TO MAJLES SETTING GROUND RULES FOR POLITICAL ASSOCIATIONS AND LEGAL DEMONSTRATION WHICH WILL TAKE INTO ACCOUNT NEW POLITICAL ATMOSPHERE. END SUMMARY.

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1. RESURGENCE PARTY'S THIRD WING ISSUED SET OF ANTI-INFLATIONARY AND OTHER ECONOMIC PROPOSALS ON JULY 10 WHICH CALLED, INTER ALIA, FOR REDUCING GOI CREDITS FOR CONSUMPTION AND INCREASING THEM FOR PRODUCTION, DISSOLVING THE GUILD'S CHAMBERS, ENDING IMPORT MONOPOLIES AND REVISING TAX POLICY TO REMOVE PRESSURE ON SALARY EARNERS (COMPENSATING FOR THIS BY INCREASING TAXES ON THE RICH

AND ON TAX EVADERS). GUILDS IMMEDIATELY CRITICIZED WING'S PROPOSALS AND JULY 12, ECONOMICS AND FINANCE MINISTER YEGANEH CASTIGATED REPORT WHILE IMPLICITLY ACCEPTING SUGGESTION TO HUNG DOWN TAX EVADERS AND GO AFTER THE WEALTHY. YEGANEH SAID ONLY 12,000 OF 30,000 COMPANIES IN IRAN HAD ANY TAX RECORDS AND SITUATION WOULD BE STRAIGHTENED OUT. YEGANEH CRITICIZED SUGGESTION FOR TAX CUTS AND REVISED GOI CREDIT POLICY, SAYING THESE WOULD STUNT NATIONAL ECONOMY. HE NOTED GOI HAD CUT INFLATION RATE FROM 30.8 TO 10.1 PER CENT FROM MAY 1977 TO MAY 1978. WING LEADER NAHAVANI SAID HE WAS PLEASED GROUP'S REPORT HAD TRIGGERED DEBATE.

2. SUBSTANTIAL JOCKEYING BELOW SURFACE CONTINUES WITH MAJLES DEPUTIES CHOOSING WING ALLEGIANCES THEN CHANGING THEIR MINDS. SURVEY BY EMBASSY ON BASIS LOCAL REPORTS AND PERSONAL CONTACTS GIVES THE FOLLOWING VERY ROUGH BREAK-DOWN OF CURRENT WING ALIGNMENTS OF MAJLES DEPUTIES (THESE ARE HOWEVER, SUBJECT OT CHANGE ON SHORT NOTICE): CONSTRUCTIVE 140, PROGRESSIVE 50, THIRD WING 40, PAN IRANIST (PEZESHKPOUR) 7, OTHER OR NONE 31. THERE HAS BEEN SOME EROSION FROM THIRD WING TOTAL SINCE SURVEY PREPARED AS SOME DEPUTIES HAVE REPORTEDLY DEFECTED IN WAKE OF CRITICISM OF WING REPORT. ALLEGIANCES ARE NOT RPT NOT OFTEN MADE PUBLIC. SITUATION IS INDICATIVE OF FLUID STATE OF CURRENT POLITICAL DISCUSSION.
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3. EMBASSY HAS HAD CONFIRMATION FROM SEVERAL SOURCES OF GOI'S INTENT TO ALLOW ALL WHO WISH TO RUN FOR PARLIAMENT TO DO SO (REFTEL) IN EFFECT REMOVING RESURGENCE PARTY AS SCREENING DEVICE. SOURCE CLOSE TO AYATOLLAH SHARIATMADARI TOLD US SHAH HAD CONFIRMED TO RELIGIOUS LEADERS THAT ANYONE COULD RUN, NOTING THAT KHOMEINI FACTION HAD ALREADY STARTED PREPARING ELECTORAL LIST EVEN WHILE ITS LEADERS WERE DECRYING OF ELECTIONS. SHARIATMADARI GROUP EXPECTED TO DO SAME THING OVER COMING MONTHS, AND UNION OF NATIONAL FRONT GROUPS WILL NOT BE FAR BEHIND. WE HAVE HEARD THAT SHARIATMADARI GROUP DISTRUSTS EX-NATIONAL FRONT LEADERSHIP; HENCE THERE WILL BE PROBLEMS WITH POTENTIAL ELECTORAL ALLIANCES.

4. ON JULY 11, IRANIAN BAR ASSOCIATION EXECUTIVE COUNCIL ELECTED HASSAN NAZIEH, PROGRESSIVE CANDIDATE, AS ITS

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C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 06697

CHAIRMAN, (INDEPENDENT ABDOL KARIM ANVARI AND PROGRESSIVE HEDAYATOLLAH MATIN-DAFTARI WERE CHOSEN VICE CHAIRMEN, AND PROGRESSIVES SAREMEDDIN SADEGH-VAZIRI AND MOHAMMAD-TAGHI DAMGHANI WERE VOTED AS PROSECUTORS). FOLLOWING DAY, NAZIEH ANNOUNCED THAT BAR ASSOCIATION WILL STRIVE FOR TOTAL INDEPENDENCE OF JUDICIARY AND EXTENSION OF INDIVIDUAL FREEDOM. IRANIAN ASSOCIATION OF JURISTS (IAJ) ANNOUNCED SIMILAR GOALS, INCLUDING ABOLITION OF ALL SPECIAL COURTS (SUCH AS THE CIVIL SERVANTS' COUNCIL) OUTSIDE THE JUDICIAL SYSTEM. ASSOCIATION HELD ITS FIRST MEETING JULY 9 AND ELECTED 21-MAN CENTRAL COUNCIL, INCLUDING SEVEN OF EIGHT PROGRESSIVES WHO ALSO HOLD BAR ASSOCIATION EXECUTIVE COUNCIL SEATS. IAJ SPOKESMAN SAID IAJ AND BAR ASSOCIATION WOULD REMAIN COMPLETELY SEPARATE. IAJ PLANS TO ESTABLISH INTERNATIONAL CONTACTS IN INTEREST OF FURTHERING RULE OF LAW. ALL OF ABOVE REPORTED SUBSTANTIALLY IN PRESS.

5. IN PRESS CONFERENCE JULY 10, FOLLOWING CABINET MEETING, PRIME MINISTER COVERED SEVERAL ROUTINE ITEMS THEN DROPPED BOMBHELL THAT MINISTRY OF JUSTICE WOULD PRESENT BILL TO
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FALL MAJLES SESSION CONCERNING LEGAL FRAMEWORK FOR POLITICAL ASSOCIATIONS AND DEMONSTRATIONS. PM SAID BILL WOULD PROBABLY CONTAIN PROVISION FOR NOTIFICATION OF MEETING/RALLY, NAMES OF ORGANIZERS, DATE, HOUR AND PLACE, BUT PROVISIONS NOT

YET DRAFTED. NEWS WAS HEADLINED IN FARSI PRESS BUT RECEIVED
SHORT INSIDE PAGE COVERAGE IN FRENCH AND ENGLISH PAPERS.
PM SAID "THERE IS NO POINT TALKING ABOUT AN OPEN POLITICAL
ATMOSPHERE UNLESS WE CREATE THE RIGHT INSTITUTIONS AND
LAWS GIVING IT A MORE SOLID FOUNDATION." THIS COMMENT HAS
SPARKED LIVELY DISCUSSION ON SUBJECT WHETHER BILL WILL BE
LIBERAL OR RESTRICTIVE. INITIAL OPINION LEANS TOWARD
IDEA THAT IT WILL REFLECT GO'S INTENTION TO OPEN UP
POLITICAL ATMOSPHERE BY SETTING REASONABLE STAGE AND RULES
FOR NEXT YEAR'S PARLIAMENTARY CAMPAIGN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, PUBLIC DEMONSTRATIONS, POLITICAL SUMMARIES, CIVIL DISORDERS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TEHRAN06697
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780288-0527
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780762/aaaacaa.tel
Line Count: 181
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Message ID: 0c229e73-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 TEHRAN 6311
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2013902
Secure: OPEN
Status: NATIVE
Subject: POLITICAL ACTIVITY: THIRD WING SPEAKS, LAWYERS ELECT PROGRESSIVE LEADER, ELECTORAL LISTS BEING PREPARED, NEW DEMONSTRATION LAW
TAGS: PGOV, PINT, IR
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/0c229e73-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014